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Summary record of the 34th meeting
Held at Headquarters, New York, on Monday, 14 May 2012, at 3 p.m.

Chair: Mr. Tommo Monthe ..... (Cameroon)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Kelapile

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United Nations Logistics Base at Brindisi

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The meeting was called to order at 3.10 p.m.

Agenda item 115: Appointments to fill vacancies in subsidiary organs and other appointments (*continued*)

(b) Appointment of members of the Committee on Contributions (*continued*) (A/66/102/Add.2)

1. **The Chair** drew attention to the note by the Secretary-General (A/66/102/Add.2) informing the General Assembly of the resignation of Ms. Lisa P. Spratt (United States of America) from the Committee on Contributions and requesting the General Assembly to appoint a person to fill the vacancy for the remaining period of the term of office, which would expire on 31 December 2012.

2. The Government of the United States of America had nominated Ms. Susan McLurg, whose candidature had been endorsed by the Group of Western European and other States, to fill the unexpired portion of Ms. Spratt's term of office.

3. *The Committee decided, by acclamation, to recommend to the General Assembly the appointment of Ms. McLurg (United States of America) to membership of the Committee on Contributions for a term of office beginning on the date of her appointment and expiring on 31 December 2012.*

Agenda item 136: Improving the financial situation of the United Nations (*continued*)

4. **Mr. Sach** (Officer-in-Charge, Department of Management), accompanying his statement with a computerized slide presentation, said that he would focus on four main financial indicators: assessments issued, unpaid assessed contributions, available cash resources and debt to Member States.

5. Turning first to the regular budget, he noted that assessments and payments had both been higher in 2011 than in 2010, by $249 million and $162 million respectively. Unpaid assessed contributions had increased to $454 million as at 31 December 2011, compared to $351 million a year earlier. By the end of 2011, 143 Member States — five more than in 2010 — had paid their regular budget assessments in full. He urged the remaining Member States to do so as soon as possible. There had been a significant reduction in the outstanding assessment, although the amount remained concentrated, with 95 per cent owed by four Member States. By 7 May 2012, 92 Member States had paid their regular budget assessments in full, exceeding the number that had paid by 10 May 2011, the cut-off date for that year's review, by six. Regular budget assessments for 2012 were $2.4 billion, against which payments of $1.7 billion had been received as of 7 May 2012. Eight Member States had accounted for 95 per cent of the resulting outstanding assessment of some $1.2 billion, and the final outcome for 2012 would largely depend on the action taken by those Member States. $171 million had been received from one Member State after the cut-off date of 7 May 2012.

6. Cash resources for the regular budget comprised the General Fund, into which assessed contributions were paid; the Working Capital Fund, authorized periodically by the General Assembly; and the Special Account. There had been a significant increase in the regular budget cash position as at 7 May 2012 compared with 31 December 2011, owing to the receipt of contributions at the start of the year, against which expenditures would be incurred throughout the year. The projected cash balance for the end of December 2012 was slightly lower than the amount at the end of 2011. The final cash position would largely depend on the action taken by the eight countries that had not yet paid their regular budget assessments in full.

7. Financial outcomes for peacekeeping activities were hard to forecast because of unpredictable demand. That, together with the fact that peacekeeping had a different financial period, and that assessments were issued separately for each operation, as well as for different periods throughout the year depending on the mandate period approved by the Security Council, complicated a comparison between the financial situation of peacekeeping operations and that of the regular budget and the international tribunals.

8. The total amount outstanding for peacekeeping operations at the end of 2011 had been $2.625 billion, which was $164 million higher than the amount of $2.461 billion outstanding at the end of 2010, but lower than the outstanding assessment as at 5 October 2011, possibly reflecting the effect of differing payment cycles of Member States. However, approximately 80 per cent of the amount outstanding at the end of 2011 had been owed by nine Member States.

9. The unpredictable amount and timing of peacekeeping assessments made it more difficult for Member States to keep fully current with their

payments. The 29 Member States that had paid all their peacekeeping assessments as at 31 December 2011 therefore deserved special thanks.

10. Although the cash available for peacekeeping at the end of 2011 had been approximately $3.8 billion, that amount had been divided among the separate accounts maintained for each operation and there were restrictions on its use. The General Assembly had specified that no peacekeeping mission should be financed by borrowing from other active missions and the terms of reference of the Peacekeeping Reserve Fund restricted its use to new operations and the expansion of existing operations. At the end of 2011, cash balances for peacekeeping had totalled $3,398 million in the accounts of active missions, $238 million in those of closed missions and $140 million in the Peacekeeping Reserve Fund.

11. The financial position of peacekeeping operations as at 7 May 2012 showed significant improvement. Against new assessments of over $1.2 billion issued by 7 May 2012, contributions of $2.4 billion had been received, reducing the amount outstanding from $2.6 billion at the end of 2011 to $1.4 billion, of which 79 per cent related to seven Member States. The 37 Member States that had been fully current with their peacekeeping assessments due and payable as at 7 May 2012 deserved special thanks.

12. It was estimated, on the basis of projected receipts and disbursements, as well as the reclassification of the United Nations Mission in the Central African Republic and Chad (MINURCAT) from an active to a closed mission, that total cash available in peacekeeping accounts at the end of 2012 would amount to over $3 billion, with $2.6 billion in the accounts of active missions, $279 million in the accounts of closed missions and $139 million in the Peacekeeping Reserve Fund. The figure for cash in closed missions was the projected total and not the surplus available for return to Member States.

13. As at 31 December 2011, the amount owed to Member States for troops/formed police units and contingent-owned equipment had been $529 million, compared with $539 million at the start of the year. An increase in new obligations was projected, mainly as a result of the exceptional reimbursement for contingent-owned equipment by the United Nations Support Office for the African Union Mission in Somalia (UNSOA) and the increase in the reimbursement rate for contingent-owned equipment that took effect on 1 July 2011, partly offset by the partial drawdown of the post-earthquake surge capacities of the United Nations Stabilization Mission in Haiti (MINUSTAH).

14. It was projected that, by the end of 2012, debt to Member States would increase to $678 million, taking into account projected new obligations of $2.1 billion and projected payments of $1.9 billion. As at 7 May 2012, debt to Member States had totalled $774 million, of which 50 per cent had been owed to eight Member States. Payments for troops and formed police units, including the one-time supplemental payment authorized by the General Assembly in its resolution 65/289, were current as of January or February 2012 for all missions, except for the United Nations Mission for the Referendum in Western Sahara (MINURSO) and the United Nations Integrated Mission in Timor-Leste (UNMIT) because of insufficient cash in the special accounts for those two missions. Payments for contingent-owned equipment were current as of December 2011 for all active missions, except for MINURSO, the United Nations Peacekeeping Force in Cyprus (UNFICYP), UNMIT and the United Nations Operation in Côte d'Ivoire (UNOCI), also owing to insufficient cash in the special accounts for those missions. Projected payments for 2012 were dependent on the timely finalization of memorandums of understanding: as at 7 May 2012, 31 out of 326 memorandums of understanding for peacekeeping operations had yet to be finalized. The actual level of payments would, naturally, also depend on Member States meeting their financial obligations to the United Nations.

15. The financial position of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia had remained unchanged at the end of 2011 compared with the end of 2010, with $27 million outstanding. By the end of 2011, 105 Member States — seven more than at the end of 2010 — had paid their assessed contributions for both Tribunals in full. He urged the remaining Member States to follow their example. The financial situation of the two Tribunals had improved in 2012, as outstanding assessments at 7 May 2012 were $84 million, compared with $133 million at 10 May 2011. By 7 May 2012, 64 Member States had paid their assessed contributions to both Tribunals and the International Residual Mechanism for Criminal Tribunals in full, three more than at 10 May 2011. On

of the pilot project designated by the General Assembly in resolution 63/287 (A/66/755), said that the report provided an accurate and comprehensive review, based on information currently available, of the decisions to designate, as a pilot project, centres of investigation in Nairobi, Vienna and New York from 1 July 2009 to 30 June 2012 and to maintain resident investigations staff presence in some peacekeeping operations, pending the Assembly's consideration of the comprehensive report on the pilot project. While the criteria for measuring the success of the pilot project had not been specified, OIOS could have easily inferred from the details requested for inclusion in the comprehensive report, as set out in paragraph 40 of General Assembly resolution 63/287, that the objective of the pilot project was to identify the most cost-effective structure that would enable OIOS to build and maintain adequate professional capacity to respond in a timely and effective manner to the investigation needs of peacekeeping operations, especially in the field. OIOS should have taken immediate action to establish the intended purpose of the pilot project; determine the historical and actual baseline levels of services being provided and benchmark against other relevant investigative bodies; examine the strengths and weaknesses of the existing structure from the perspectives of key stakeholders; establish reasonable future expectations of stakeholder clients as target objectives and outcomes; implement basic management monitoring mechanisms to measure and report on actual performance against targets; and propose adjustments to processes and/or structures to improve performance when needed. Regrettably, such action had not been begun for almost a year and a half; owing to that delay, it had been challenging, and in some cases impossible, to complete. Nonetheless, OIOS had developed and/or reconstructed a significant amount of data, and was continuing to do so in order to improve future analysis.

29. Mission management had continually called for increased on-site investigative capacity in missions, primarily because it was seen as more responsive and more easily accessible than capacity in regional centres. It had also become clear that more violations were reported when investigators were embedded within a mission; a total of 26 per cent of all peacekeeping-related reports during the pilot period had been generated through on-site investigators. However, because of leave requirements, on-site investigators had less available time to devote to investigations than their counterparts in regional centres. The recruitment and retention of investigative staff also remained challenging, especially owing to the temporary nature of the positions allocated to the pilot project, and difficulties in attracting staff to non-family duty stations. The average monthly vacancy rate was 44 per cent in the positions allocated to seven missions, and 30 per cent even in the centres.

30. In view of the challenges and opportunities, including the prospect of travel-related savings with the establishment of an Investigations Division office in the Regional Service Centre at Entebbe, OIOS considered that a hybrid structure would be the most useful approach for the Organization as a whole, for OIOS, for peacekeeping missions, and in particular for the victims of misconduct. A slightly modified hybrid structure would allow the retention of some centres, while at the same time support to mission management would be increased by building investigative capacity on the ground. OIOS would submit a final analysis and specific proposals, including the impact on financial resources, in the context of the proposed support account budget for 2013/14, once the full results of the pilot project were known. That revised time frame would allow the completion of other key studies being undertaken by OIOS and the incorporation of relevant results that might affect structural and resource considerations.

31. **Mr. Kelapile** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report on the budget performance for 2010/11 and proposed budget for 2012/13 of the peacekeeping support account (A/66/779), said that the Advisory Committee's recommendations would entail a net increase of $1,036,300 to the proposed budget for 2012/13, representing a net reduction of $212,100 under proposed non-post resources and an increase of $1,248,400 under post requirements, based on the Advisory Committee's recommendation against the proposed abolishment of 11 posts funded under the support account and the establishment of the corresponding posts in the budget of the United Nations Logistics Base for 2012/13.

32. With regard to the proposed budget for the support account for 2012/13, the Advisory Committee noted that, of the proposed reduction of 36 posts in the support account, 34 posts relating to functions proposed for transfer to the Logistics Base at Brindisi

and the secondary active telecommunications facility at Valencia were proposed to be established concurrently in the proposed budget of the Logistics Base. The Advisory Committee had been informed, upon enquiry, that the financial requirements associated with the proposed transfer of functions amounted to some $7.6 million.

33. The Advisory Committee noted that the combined resources proposed for 2012/13 for the support account and the United Nations Logistics Base amounted to $390.9 million, which represented 5.6 per cent of the proposed resources for peacekeeping missions and UNSOA for 2012/13, the second highest level in the past five budget cycles. The Advisory Committee further noted that the civilian personnel supporting peacekeeping missions had increased from 1,421 in 2007/08 to a projected 1,860 for 2012/13. It reiterated that there should be a determination of what constituted a core or basic capacity necessary to effectively manage and backstop peacekeeping operations and what constituted a scalable capacity that responded to changes in the level of peacekeeping activity. It continued to believe that the consolidation in the scale of peacekeeping activity should lead to a further discernible downward trend in the proposed post and non-post resources for backstopping field operations, considering that capacity had been increased in preceding budget periods when peacekeeping operations had been trending upwards. It was therefore disappointed that the budget proposal for 2012/13 reflected a net reduction of only two posts.

34. With regard to Umoja, the Advisory Committee noted that an interim Director of the project had been appointed on 27 February 2012. It had been informed that Umoja project development activities would commence in the second quarter of 2012 following acquisition of the systems integration services for the build phase of the project and that a detailed deployment plan was being developed. It had also been informed that a study of the total costs of implementing Umoja, which would distinguish between costs to be funded centrally from the Umoja project budget and those that would have to be borne by other departments or offices, was being conducted. The Advisory Committee was concerned at the lack of progress towards meeting the targets of the Umoja recruitment plan. It also expected the Secretary-General to provide, in his next progress report on the implementation of Umoja, a full explanation of the activities undertaken and the progress made, a comprehensive and detailed implementation plan for the development and deployment of the system and a detailed analysis of the costs of the project. In that connection, the Advisory Committee, recalling that the timely implementation of Umoja would be critical in determining the Organization's ability to implement successfully the International Public Sector Accounting Standards (IPSAS), recognized the progress made towards the implementation of IPSAS in peacekeeping operations but noted that much remained to be done in 2012/13 to ensure that the timelines approved by the General Assembly were met. The Advisory Committee also emphasized the importance of effectively integrating the new Inspira talent management system and Umoja. It urged the Secretary-General to take all necessary steps to ensure that the remaining components of the system were implemented without further delay.

35. The Advisory Committee's comments on the information contained in the performance report for 2010/11 (A/66/610 and Add.1) were provided in chapter V of its report, under the relevant departments and offices.

36. Introducing the Advisory Committee's report (A/66/779/Add.1) on the comprehensive report on the implementation of the pilot project designated by the General Assembly in resolution 63/287, he said that, since the pilot project remained effective until 30 June 2012, and therefore the OIOS report did not benefit either from a comprehensive assessment of the entire period or from full consultations with all relevant stakeholders, the Advisory Committee recommended that the General Assembly should request OIOS to submit a final report on the pilot project in the context of the proposed support account budget for 2013/14. The Advisory Committee also noted the high vacancy rate of investigators in OIOS and urged the Office to ensure that all remaining vacant posts were filled as soon as possible.

37. Introducing the report of the Advisory Committee on the budget performance for 2010/11 and proposed budget for 2012/13 of the United Nations Logistics Base at Brindisi (A/66/718/Add.15), he said that, pending further analysis, the Advisory Committee recommended against transfer of functions of the Field Personnel Division at Headquarters to the Global Service Centre, which would entail a reduction of $1.8 million to the 2012/13 proposed budget for the United Nations Logistics Base, and a corresponding

increase under the peacekeeping support account, as those functions would continue to be provided from Headquarters. Bearing in mind that the proposed budget set out a number of proposals for the second phase of the reprofiling of the Logistics Base, and that related proposals were also contained in the reports of the Secretary-General on progress in the implementation of the global field support strategy (A/66/591) and on the proposed budget for the peacekeeping support account (A/66/721), the current report (A/66/718/Add.15) should be read in conjunction with the Advisory Committee's reports on cross-cutting issues related to peacekeeping operations (A/66/718) and the proposed budget of the support account (A/66/779).

38. The Advisory Committee reiterated the need for a comprehensive plan with an end-state vision for the Global Service Centre; clarification of the division of roles among the Department of Field Support at Headquarters, the Global Service Centre, the Regional Service Centre and the field missions; and clear criteria for determining the optimal location from which functions and services could be provided, with details on expected improvements in the efficiency and effectiveness of service delivery through the relocation of functions. It emphasized the need to assess the functions already transferred from Headquarters to Brindisi and to include cost-benefit analysis in new proposals for the transfer of functions.

39. The Advisory Committee recommended approval of the proposed restructuring of the Logistics Service, to consolidate and centralize the processes and functions of the Logistics Base into three main components consisting of a Central Warehousing and Distribution Section, a Central Maintenance and Repair Section and a Programme Management Unit. Recognizing the merits of integrating the logistics functions and providing centralized services to field missions in such areas as the strategic deployment of stocks, it also recommended approval of the proposed transfer of four functions, with 23 related posts, from the Logistics Support Division to the Global Service Centre in Brindisi.

40. With regard to the proposed restructuring of the Base Support Service to focus on service delivery and staff development in order to meet the administrative and back-office support needs of field missions, the Advisory Committee recommended that the Secretary-General should be requested, in the context of the comprehensive plan, to provide details on the role of national staff in the provision of technical expertise to field missions, given their preponderance in the staffing component of the Logistics Base.

41. The Advisory Committee remained unconvinced as to the operational requirement for, or benefits of, deploying the Global Service Centre in two geographically distinct locations, as proposed by the Secretary-General. Such an arrangement constituted a major change from the initial proposals for the strategy, with potentially significant organizational and financial implications. The Advisory Committee also noted that the General Assembly had, to date, approved utilization of the facilities at Valencia only as a secondary active telecommunications facility. The Advisory Committee therefore recommended that the Secretary-General should be requested to submit, for consideration by the General Assembly, a comprehensive study clarifying the rationale for deploying the Centre in two locations and an analysis of potential alternative solutions and their related comparative costs and benefits. Consequently, it recommended against the establishment of the Field Human Resources Management Section in Valencia and the relocation of the Field Central Review Board Unit, the Reference Verification Unit, and the Education Grant Unit from Brindisi to Valencia, with 13 related posts.

42. Moreover, further analysis was required to determine whether the roster management function fully met the Secretary-General's criteria for the relocation of functions to the Global Service Centre, namely that they should be of a transactional rather than a strategic nature, and that they should not require interaction with Member States.

43. Upon enquiry as to the implementation status of the four functions approved for transfer to Brindisi by the General Assembly in its resolution 65/291, the Advisory Committee had been informed that two functions had been fully operational at the Global Service Centre since January 2012, while the other two were being provided from Headquarters pending the recruitment and/or arrival of personnel. The Advisory Committee had also been provided with a table showing the status of implementation of the transfers and recruitment of the related five Professional and three General Service posts, which was included in annex IV to its report (A/66/718/Add.15). The Advisory Committee noted that the eight posts had been abolished at Headquarters and concurrently

established at Brindisi as of 1 July 2011, and that the abolished General Service posts had been established as National General Service posts and recruited locally. Of the five Professional posts proposed for transfer, two had been encumbered, and both staff members had expressed a preference not to relocate to Brindisi for personal/ family reasons. A staff support task force had been created to support staff members who might be affected by the abolishment of posts.

44. In conclusion, the Advisory Committee emphasized the need for an assessment of the transfer of initial functions to the Global Service Centre, with an analysis of the costs, including overheads, of providing services from the Centre, weighed against potential benefits, including savings, productivity and other qualitative gains. Bearing in mind that the Logistics Base had been providing such services as reference checking and education grant processing for some time, it was disappointing that the Secretary-General had not responded to earlier requests for an assessment of that kind. The Advisory Committee stressed that the further development of the Centre should take into account the outcome of such analysis and urged the Secretary-General to provide the requested details in the context of his next progress report on the implementation of the global field support strategy.

45. **Mr. Mihoubi** (Algeria), speaking on behalf of the Group of 77 and China, said that peacekeeping operations must have the necessary resources — including backstopping resources — to fulfil their mandates during every phase. The level of the support account should correspond broadly to the mandate, number, size and complexity of missions. As peacekeeping operations became more complex, appropriate policies and support arrangements should also be developed. Support should be provided to missions by Headquarters in as integrated a manner as possible, in order to ensure efficiency and effectiveness and avoid duplication, with the aim of achieving qualitative improvements in service delivery to personnel on the ground.

46. Genuine partnership between the Secretariat and troop-contributing countries on all aspects of peacekeeping support was crucial. Troop-contributing countries must have constant access to the Secretariat and their views must be reflected in all phases of peacekeeping operations, from mandate-setting to implementation and deployment. Troop-contributing countries must also be represented in senior management, both at Headquarters and in the field, to ensure coherence between those who managed operations and those who provided the human resources on the ground; there was considerable room for improvement in that regard. The Group was also concerned at the continuing low proportion of women from developing countries in the Secretariat, especially at senior levels.

47. **Ms. Power** (Observer for the European Union) said that the member States of the European Union firmly believed that the consolidation in the scale of peacekeeping activity should lead to a further discernible downtrend in the proposed post and non-post resources for backstopping field operations, albeit with a delay to allow for increasing complexity and the time required for downsizing and withdrawal. Noting that the combined resources proposed for 2012/13 for the support account and the United Nations Logistics Base, as a ratio of the proposed resources for peacekeeping missions and UNSOA for 2012/13, were at their second highest level in the past five budget cycles, they were concerned at the apparent absence of such a downtrend. The proposed net reduction of only two posts — out of a total of 1,259 — was another indication of continued substantial room for reduction in the support account, in line with the consolidation of peacekeeping operations as a whole. The member States of the European Union would therefore carefully scrutinize all aspects of the proposed support account budget, particularly in relation to posts, general temporary assistance, long-term vacancies and non-post resources.

48. The member States of the European Union concurred with the Advisory Committee that the Secretary-General should redouble his efforts to determine what constituted a core or basic capacity necessary to effectively manage and backstop peacekeeping operations and what constituted a scalable capacity that responded to changes in the level of peacekeeping activity, as envisaged when the support account had first been conceived and implemented. In that regard, they would, for example, request detailed information on the roles and existing division of labour between the Department of Field Support and the Department of Management, and their respective posts and positions regarding peacekeeping finance.

49. With regard to the growing role of the Global Service Centre in backstopping global peacekeeping operations, the member States of the European Union believed that a new presentation, in a clearer and more transparent manner, of the totality of the resources allocated for specific functions and for the support of peacekeeping operations as a whole would help to improve budgetary transparency and accountability. As for the evaluation of the pilot project undertaken by OIOS, they concurred with the Advisory Committee that a complete report on the entire project should be provided in the context of the proposed support account budget for 2013/14, fully taking into account the need to provide effective and efficient investigation services.

The meeting rose at 4.35 p.m.